



Agenda Item No. (6)

To: Finance-Auditing Committee/Committee of the Whole
Meeting of July 21, 2022

From: Ron Downing, Director of Planning
Joseph M. Wire, Auditor-Controller
Denis J. Mulligan, General Manager

Subject: **APPROVE ESTABLISHMENT OF AN EDUCATIONAL/INSTITUTIONAL
CLIPPER PASS ON GOLDEN GATE TRANSIT BUS AND GOLDEN GATE
FERRY THROUGH A PILOT PROGRAM AND AMEND THE MASTER
ORDINANCE**

Recommendation

The Finance-Auditing Committee recommends that the Board of Directors:

1. Approve establishment of a Clipper fare pilot program that would provide a fare discount through a monthly pass for riders destined to designated higher educational institutions or to specified major employers on Golden Gate Transit regional routes and regular (non-special event) Golden Gate Ferry service; and,
2. Amend the Master Ordinance accordingly.

This matter will be presented to the Board of Directors at its July 22, 2022, meeting for appropriate action.

Background

The Rules of the Board require that the Golden Gate Bridge, Highway and Transportation District (District) hold a public hearing prior to establishing a new fare. Per the Rules of the Board, a public hearing was held on June 23, 2022, to receive public comment on the establishment of this new fare.

In November 2021, the Bay Area Fare Integration Task Force (FITF) adopted a Policy Vision Statement for fare integration in the 9-county region. The first action in the Statement is “[d]eployment of an all-transit agency institutional/employer pass demonstration pilot in 2022, with a focus on educational institutions, affordable housing properties, and employers of various sizes, pending available resources/technical considerations.” This document outlines the plan to deliver on this vision.

The objective of the regional pilot program is to evaluate the degree to which an institutional transit pass covering all operators may increase transit ridership and better meet the needs of users and institutions, as compared to single-agency fare instruments. The pilot program will evaluate program performance and collect data that could be used as the basis of a revenue model for a potential permanent program.

The pilot program will be structured in two phases:

- Pilot Phase 1 (Target date of August 8, 2022): Educational institutions and affordable housing properties
- Pilot Phase 2 (2023): Employers in transit-concentrated locations, such as downtown San Francisco, Oakland, and San Jose

In Pilot Phase 1, there is no value associated with the pass, and it will be an overlay on the District's existing fare structure. The Metropolitan Transportation Commission (MTC) will reimburse the District to make the District whole for any travel made on the District's transit system using the pass. Students at the identified educational institutions will get the product at no cost to the individual or to the institution.

In Pilot Phase 2, when the pass is made available to ten major employers, it will be sold to employers at a price to be determined, which is expected to generate revenue to the program. The price of the pass product will be based on the employer's size and location.

If the program becomes permanent, the pass is intended to be sold, not offered for free, to all types of institutions (educational, for profit, and potentially others). The future pricing and design for any permanent program will be informed by actual data from Phase 1 and Phase 2 of the pilot program.

Administration

This pilot program will be managed by staff from MTC and Bay Area Rapid Transit (BART) under the continued oversight of the Fare Integration Task Force.

Overall Funding Plan

The MTC has identified up to \$85 million of regional funds for Transit Transformation Action Plan near term priorities, including \$28 million for fare integration activities. Of this amount, approximately \$6 million is targeted toward this Institutional/Employer pilot project. From this \$6 million, \$4.5 million is budgeted to make whole agency revenue impacts associated with Phase 1; a \$1 million fund to make whole agency revenue impacts associated with Phase 2; and \$0.5 million budgeted for other administrative costs, including consulting support, Clipper card purchases, and communications.

A separate allocation of Transit Transformation Action Plan staffing funds will provide for 1.5 full-time employees (FTE) (1 at BART and 0.5 at MTC) to manage this program.

Phase 1 Detail

Scale: Up to 50,000 participants at five Bay Area institutions

Target launch date & duration: August 2022, continuing for two years

Cost to participants: None during pilot program. All transit agency passes will be provided as an added benefit to riders layered on top of single agency product(s) at no cost to rider or partner institution.

Partner institution criteria: 1. Must be a public educational institution or non-profit affordable housing property manager; 2. Must offer students/residents an existing “all you can use” transit pass covering at least one transit operator (technical requirement for August 2022 launch); 3. Geographic diversity of participants within the Bay Area.

Phase 1 Partner Institutions:

- San Francisco State University
- San Jose State University
- University of California, Berkeley
- Santa Rosa Junior College
- MidPen Housing (3 Peninsula properties)

Title VI Approach

MTC will serve as lead agency for the pilot program's Title VI process. The pilot project will be considered a "pilot" under Title VI, meaning agency boards will only be asked to consider approving Title VI analyses before any permanent successor program is launched.

MTC and BART, as the lead agencies for this project, are working with the FTA now to request permission for an initial pilot period lasting a minimum of 12 months. Data from the pilot program will inform the Title VI analysis of any extension beyond 12 months and/or permanent program.

Public Notification

Public notification activities comprised of:

- Advertisements in local publications (*Marin Independent Journal, Santa Rosa Press Democrat and La Voz*);
- Signage advertising the Public Hearing onboard buses and ferries and at terminals;
- Press Releases to local media;
- Social Media Postings on Facebook and Twitter;
- News item on the District's website; and
- Email blast to customers and community-based organizations.

Translation of all printed materials and handouts in Spanish were made available, per the District's Limited English Proficiency (LEP) plan.

Public Comment Process

The District's *Rules of the Board* require that the District hold a public hearing prior to establishing a new fare. Public comments on this proposed new fare could be submitted in several different ways:

1. By attending the public hearing;
2. E-mail publichearing@goldengate.org; and/or,
3. Sending written comments to the District Secretary.

All comments were considered equally without regard to the manner in which the comments were submitted. Therefore, individuals did not have to attend the public hearing and provide testimony in person if they commented through e-mail or written forms. All comments received through any of the above methods were considered in making the final recommendation. Comments had to be submitted by close of business on Friday June 24, 2022.

Comments Received

Two comments were received. One commenter supported the proposal, while one commenter was neither opposed to nor supported the proposal.

As a result, there is no basis to modify the proposal to establish a Clipper fare pilot program that would provide a fare discount through a monthly pass for riders destined to designated higher educational institutions or to specified major employers on Golden Gate Transit regional routes and regular (non-special event) Golden Gate Ferry service.

Fiscal Impact

The Pilot Phase 1 funding plan seeks to hold transit operators harmless for their participation in the pilot program. For the initial Phase 1 implementation, MTC will allocate \$80,000 to the District to offset any revenue losses during the first year of implementation on Golden Gate Transit or Golden Gate Ferry. The Year 1 allocation is intended by MTC to be an up-front allocation to provide a base level of assurance to agencies. The Year 2 allocation will be informed by actual pilot product usage in Year 1 to help reduce/eliminate any revenue risk to operators from participating in the pilot program.

Attachment: Draft Ordinance

GOLDEN GATE BRIDGE, HIGHWAY AND TRANSPORTATION DISTRICT

ORDINANCE NO. 2022-002

**AN ORDINANCE TO AMEND THE MASTER ORDINANCE
TO ESTABLISH AN EDUCATIONAL/INSTITUTIONAL CLIPPER PASS PILOT
PROGRAM ON GOLDEN GATE TRANSIT AND GOLDEN GATE FERRY**

July 22, 2022

THIS ORDINANCE is adopted with reference to the following facts and circumstances which are found and declared by the Board of Directors (Board) of the Golden Gate Bridge, Highway and Transportation District (District):

1. The Clipper Executive Board established a Bay Area Fare Integration Task Force (FITF) to oversee and manage all aspects of the regional Fare Coordination and Integration Study (FCIS). In November 2021, the recommendations from the FCIS included a Policy Vision Statement with the first action being "[d]eployment of an all-transit agency institutional/employer pass demonstration pilot in 2022, with a focus on educational institutions, affordable housing properties, and employers of various sizes, pending available resources/technical considerations."

2. The objective of the Educational/Institutional Clipper Pass Pilot Program is to evaluate the degree to which an institutional transit pass covering the fare of all operators may increase transit ridership and better meet the needs of users and institutions, as compared to current passes. The Educational/Institutional Clipper Pass Pilot Program is focused on institutions already participating in a transit pass program, and designed to evaluate the benefits of expanding access to all agencies and collecting data that could be used as the basis of a revenue model for a potential permanent program.

3. The Educational/Institutional Clipper Pass Pilot Program will be managed by the Metropolitan Transportation Commission (MTC) and Bay Area Rapid Transit (BART) under the oversight of the FITF.

4. The Educational/Institutional Clipper Pass Pilot Program will be structured in two phases. In Phase 1, targeted for August 8, 2022, the pass will be made available through

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educational institutions and affordable housing properties, including San Francisco State University, San Jose State University, UC Berkeley, Santa Rosa Junior College, and MidPen Housing (for low-income housing developments at three San Mateo County properties). In Phase 2, targeted for 2023, the pass will be made available through employers in transit-rich locations, such as downtown San Francisco, Oakland, and San Jose.

5. MTC will distribute funds to operators to offset potential budget impacts for implementation of the Educational/Institutional Clipper Pass Pilot Program. MTC has budgeted \$4.5 million to make whole transit operators for Phase 1 revenue impacts, a portion of which will be provided to the District to make up for lost fares.

6. MTC will serve as the lead agency for the Title VI process. Because the program is a "pilot" under Title VI, the Board of Directors will only need to consider approving the Title VI analysis before a permanent program is launched. In accordance with the Federal Transit Administration (FTA) Title VI guidelines, a pilot fare may be implemented for a period not to exceed six months. MTC and BART are working with the FTA to request permission for an initial pilot period lasting a minimum of twelve months.

7. On June 23, 2022, the Board held a public hearing to receive public comment on the Educational/Institutional Clipper Pass Pilot Program. Outreach activities included the following: 1) Advertisements in local publications (Marin Independent Journal, Santa Rosa Press Democrat and La Voz); 2) Signage advertising the public hearing onboard buses and ferries and at terminals; 3) Press Releases to local media; 4) Social Media Postings on Facebook and Twitter; 5) News item on the District's website; and 6) Email blast to customers and community-based organizations. Translation of all printed materials and handouts in Spanish were made available, per the District's Limited English Proficiency (LEP) plan. Public comments were received at the public hearing, by email to the District, and by written comments to the District Secretary. Two comments were received. One comment supported the program and the other comment neither opposed nor supported the program.

8. On July 21, 2022, the Finance-Auditing Committee, after consideration of the proposed Educational/Institutional Clipper Pass Pilot Program and all public comments,

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recommended that the District adopt the Educational/Institutional Clipper Pass as described herein, effective upon August 1, 2022.

9. The Board has carefully considered the proposed Educational/Institutional Clipper Pass Pilot Program, considered all public comments, and the recommendations of the Finance-Auditing Committee. The Board finds that the proposed Educational/Institutional Clipper Pass Pilot Program is consistent with the District's mission and policy objectives.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE GOLDEN GATE BRIDGE, HIGHWAY AND TRANSPORTATION DISTRICT AS FOLLOWS:

Section 1. Section III, “Golden Gate Transit – Bus and Ferry Systems” subsection D.1, “Prepaid Discount Fares” is amended to add a new subsection (e) "Educational/Institutional Clipper Pass Pilot Program" as follows:

e. Educational/Institutional Clipper Pass Pilot Program – The District will honor the use of discounted passes for rides on Golden Gate Transit and Golden Gate Ferry, that are issued by the Metropolitan Transportation Commission to passengers selected to participate in the Educational/Institutional Clipper Pass Pilot Program administered by the Bay Area Integration Task Force and managed by Metropolitan Transportation Commission and Bay Area Rapid Transit.

Section 2. The effective date of this Ordinance is August 1, 2022.

Section 3. If any provision of this ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect any other provisions or applications of the Ordinance which can be given effect without the invalid provision or application, and to this end, the provisions of this Ordinance are severable.

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ADOPTED this 22 day of July, 2022, by the following vote of the Golden Gate Bridge,
Highway and Transportation District Board of Directors:

AYES (XX):
NOES (XX):
ABSENT (XX):

[Note: On this date, there were three vacancies on the Board of Directors.]

Michael Theriault
President, Board of Directors

ATTEST:

Amorette M. Ko-Wong
Secretary of the District